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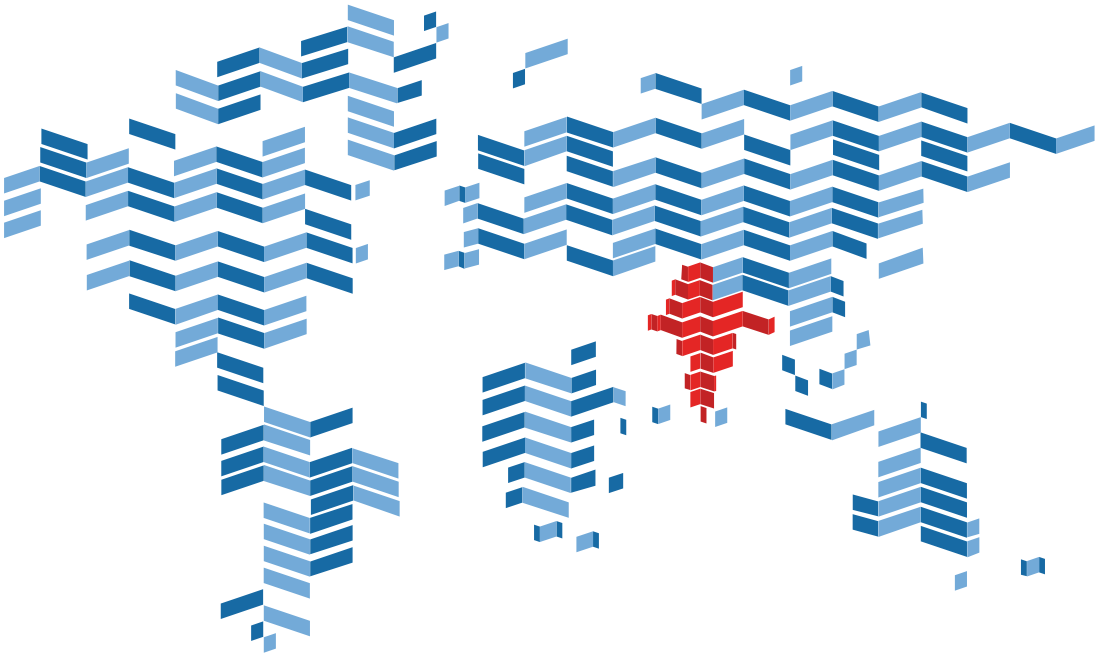

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# 100 DAYS OF NDA GOVERNMENT

BY PARANJOY GUHA THAKURTA

- The victory of Modi and the BJP, welcomed by the corporate sector which had openly rooted for him, led to a zooming of the stock market indices to new heights and has remained extremely buoyant since then.

- Economic policy reflected in the new government's maiden budget focuses on favouring foreign investments, divestment of its shares held in public sector to raise resources, the scrapping of the Planning Commission, controlling of food prices and creating new jobs.

- Foreign policy has been one area of statecraft in which successive governments in India have generally tended to favour elements of continuity rather than change. Within a short period of time, Modi has shown signs of resetting priorities at regional, bilateral and multilateral levels.

# 100 DAYS OF NDA GOVERNMENT

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A hundred days after Narendra Modi became the Prime Minister of India on 26 May, 2014, his popularity does not appear to have diminished. Having raised expectations to very high levels in the run-up to the elections held in April and May, Modi seems to be moving cautiously ahead and has so far made a number of pronouncements and gestures that are largely symbolic and not substantive in nature. His supporters believe he is acting decisively to revive the economy and provide good governance. His detractors argue that he has centralised power excessively and is pursuing policies and programmes based on a majoritarian philosophy propounded by the political party to which he belongs, namely, the Bharatiya Janata Party (BJP), and its ideological parent, the Rashtriya Swayamsevak Sangh (RSS) which describes itself as a social organisation.

A hundred days is too short a period to evaluate the performance of an individual who heads a government that has been elected for five years. Since he became Prime Minister, Modi has, by and large, been guarded and measured in his actions, and far less flamboyant than what he was when he campaigned across the country addressing more than 400 public meetings before the elections. It is early days to predict the way he will govern in the coming years. Nevertheless, the way in which his government has functioned over its first three months provides pointers of the shape of things to come. Before elaborating on these indicators, the importance of the 2014 verdict of the Indian electorate needs to be underscored.

For the first time in three decades, a political party, in this case, the BJP, was able to win more than a majority of seats in the Lok Sabha or the lower house of Parliament - to be precise, 282 out of the 543 elected Members of Parliament of the Lok Sabha belong to the BJP. India is a multi-party democracy but the last elections were sought to be projected by the

BJP as if these were akin to American-style Presidential elections in a bipolar polity, one in which two personalities were often perceived to be bigger than the parties they represent. It was Narendra Modi versus Rahul Gandhi, and the former won hands down.

The 16th General Election in India, the outcome of which was known on 16 May, 2014 were significant for other reasons as well. The voter turnout rose by more than 8 per cent from 58.21 per cent in 2009 to 66.4 per cent in 2014. For the first time, voter turnout crossed the two-thirds mark - higher than the previous high of 63.6 per cent reached in 1984. It appears that young people, including young women, and those who live in small towns voted for the BJP in large numbers. Of the 814 million Indians who were eligible to vote in the elections, over a hundred million were first-time voters having turned 18 on or before 1 January, 2014.

While the BJP's vote share jumped from 18.8 per cent to 31 per cent between 2009 and 2014, in this period, the vote share of the Indian National Congress (which had led the ruling coalition in New Delhi for a decade till May 2014) came down considerably from 28.55 per cent to 19.31 per cent. The first-past-the-post, winner-takes-all Westminster system of Parliamentary democracy followed in India tends to exaggerate victories and defeats alike when one compares vote shares with seats won or lost. Thus, while the number of elected MPs belonging to the BJP jumped from 116 to 282 from 2009 to 2014, the number of Congress MPs came crashing down from 206 to 44, the lowest ever in the history of India's 'grand old party' that has ruled the country for the longest period since the country became politically independent in 1947.

The performance of the BJP had steadily risen between 1984, when the party had secured just two seats in the Lok Sabha, and 1998 when it won 182 seats with a vote share of 25.6 per cent. In 1999, the party secured the same number of seats it did in the previous year with a reduced vote share of 23.8 per cent. Thereafter, its position declined in 2004 to 138 seats (with a vote share of 22 per cent) and further to 116 seats (vote share: 18.8 per cent) in 2009. Between the general elections held in 2004 and 2009, the BJP's vote share dipped by almost 3.5 per cent. The BJP secured 282 seats with 31 per cent of the

total votes cast in the 2014 General Election. The voter turnout in 2014 stood at a record high of 66.4 per cent of the electorate - the previous highest voter turnout was 63.56 per cent in 1984.

The swing in favour of the BJP was unprecedented. This was the first time since 1984 when the winning political party obtained a majority of seats in the Lok Sabha. On that occasion, the assassination of former Prime Minister Indira Gandhi by her own bodyguards contributed to an electoral wave in favour of the Congress. The last occasion a non-Congress party won a majority of seats in the Lok Sabha was in 1977 when the Janata Party - a short-lived political party - that swept to power after Indira Gandhi imposed a 19-month period of Emergency. The Emergency phase saw considerable abridgement of many fundamental rights that are enshrined in the Indian Constitution, including the right to free expression. Indira Gandhi returned to power in 1980. After her assassination, her son Rajiv Gandhi was Prime Minister till 1989. Thereafter, for two and half decades till 2014, the Indian Government was formed by a coalition of political parties, barring the period between 1991 and 1996 when a minority government was in power for much of the time.

With the government in the world's largest democracy changing for the eighth time in 2014 after the 16th General Election held in India since 1952, the country's political economy swung decisively to the Right. What some predicted would be a surge of saffron - the colour favoured by the BJP led by Modi - it turned out to be a veritable tsunami in favour of the Hindu nationalist political party. What worked in favour of the 62-year-old Modi was that his principal opponent, 42-year-old Rahul Gandhi, Vice President of the Congress, was perceived to be a rather reluctant and diffident politician in what was projected as a two-party race - although the BJP and the Congress have together obtained roughly half the votes cast in the last six elections held in 1996, 1998, 1999, 2004, 2009 and 2014. What clearly helped the BJP were the extremely strong anti-incumbency sentiments against the Congress-led United Progressive Alliance coalition government which was in power for two five-year terms from May 2004.

For the last six years, that is, between 2008 and 2014, India has witnessed unprecedented food inflation that has

hurt the poor and widened inequalities in an already highly-unequal society. Reason: the poor spend half or more than half of their total income on food against a much lower proportion by the rich and the middle classes. Thus, a rise in food prices impacts the poor in a disproportionate high manner and thereby widens the gap between the rich and the poor.

Over the past ten years, the Indian economy has grown by over 9 per cent, the growth rate came down to below 5 per cent in the last two years. Despite claims that economic growth has been "inclusive", the previous UPA Government's own data indicated that new jobs have been created at an average annual rate of only 2.2 per cent between 2004 and 2013. High food prices, tardy creation of employment opportunities, accusations of big-ticket corruption and perceptions of policy paralysis - all contributed to the unpopularity of the Congress-led coalition government and all this was central to Modi's successful election campaign which sought to create an India "free of the Congress".

The victory of Modi and the BJP was welcomed by the corporate sector which had openly rooted for him and apparently contributed generously to his election campaign and that of his party. Stock market indices zoomed to new highs in anticipation of the electoral outcome and have remained extremely buoyant since then. Preliminary data for the April-June quarter indicated a rise in the rate of growth of India's gross domestic product from 4.7 per cent to 5.7 per cent, credit for which cannot go to the new government simply because it came to power only in late-May. What has been fortuitous for the new government is the softening of international prices of crude oil despite political unrest in West Asia - the country currently imports roughly 80 per cent of its requirements of crude oil.

Finance Minister Arun Jaitley's maiden budget presented on 10 July followed in the footsteps of his predecessor Palaniappan Chidambaram in pursuing policies favouring foreign investments and a paring of the fiscal deficit. The government is banking heavily on divestment of its shares held in public sector corporations to raise resources and keep the deficit in check. The BJP's political opponents have repeatedly pointed out that there is little to distinguish between the present government's economic ideology, policies and programmes, with

those of its predecessor. Even a commentator like Swaminathan S. Anklesaria Aiyar, who is ideologically Right of centre and believes in the virtues of free enterprise capitalism, said Jaitley's budget was like Chidambaram's with "saffron lipstick".

It was announced in the budget that the foreign direct investment limit in insurance companies would be increased from 26 per cent to 49 per cent, but the Modi government could not legislate this proposal in the absence of a majority of BJP MPs in the Rajya Sabha or the upper house of Parliament and had to refer the decision to a committee of MPs. The government is hopeful of passing this law in the winter session of Parliament.

An important decision announced by Modi on 15 August, 2014, India's Independence Day, was to do away with the Planning Commission. Set up in March 1950 by first Prime Minister Jawaharlal Nehru, the Planning Commission was a body of experts to advise the Prime Minister of India. The Commission was entrusted with the responsibilities of making an assessment of the country's resources, find out ways in which the resources could be augmented, formulate plans for the most effective and balanced utilisation of resources and determine priorities of spending. It served as a body to coordinate and critique the implementation of policies and programmes across different ministries and departments of the Central Government and between the Centre and the States. From 1951 onwards, the Commission has formulated 12 Five-Year Plans in consultation with various experts and institutions besides the Central and State Governments.

The institution that will be replacing the Planning Commission is yet to be set up and is likely to be smaller in terms of number of members and with lesser powers to determine the allocation of resources. A note for the Cabinet, reportedly drafted following a directive from the Prime Minister's Office, also suggests limiting the new panel's functions to key areas like infrastructure, mining and targeted implementation of the government's flag-ship schemes. The new institution will also rework the model concession agreements of public-private partnership projects. The government is in the process of collating the views of all stakeholders on the new institution before giving it final shape.

On a different front, the Modi government has passed the National Judicial Appointments Act of 2014 which ends a two-decade-old "collegium" system in which only judges were effectively empowered to appoint (and transfer) judges to High Courts and the Supreme Court. The powers for appointment and transfer of judges will now be vested in the National Judicial Appointments Commission which will be a six member body headed by the Chief Justice of India in which the judiciary would be represented by two senior judges of the Supreme Court. Two eminent personalities and the Union Law Minister will be the other three members of the proposed body. Critics however claim that the decision by Parliament to change the manner in which judges to the Supreme Court of India are appointed may strain the country's federal set-up and the manner of separation of powers among different wings of the state, especially between the judiciary and the political executive.

On 15 August, 2014, Prime Minister Modi also announced an ambitious Prime Minister's financial inclusion scheme to provide a member of each family in India a bank account with a debit card, an overdraft facility of Rs. 5,000, a Rs. 30,000 life insurance policy and accidental cover of Rs. 1,00,000 by Republic Day, that is, 26 January, 2015. Two out of five households in the country do not have a member with a bank account. Details of these schemes are awaited. Much remains to be done to implement this scheme effectively.

During the election campaign, Modi had claimed that if his party is voted to power his government would bring back funds that had been illegally stashed away by Indians in foreign bank accounts, particularly in Swiss banks. But there has been little progress in this effort so far. Before he became Prime Minister, Modi had promised acche din or good days to those who voted for him and his party by assuring them that food prices would be controlled and new jobs created. In the short period of the first three months he has been in power, it has become clear that Modi raised aspirations which will be rather tough to fulfill. His biggest challenges will be to revive the economy quickly, curb inflation and create employment opportunities for the youth.

The Prime Minister, who was erstwhile Chief Minister of the industrially-prosperous province of Gujarat in the western part of the country between 2001 and 2014,

had suggested that the so-called "Gujarat model of development" with its emphasis on setting up industrial establishments, in particular factories manufacturing cars, could be replicated in other parts of India. But this will be difficult to achieve. Whereas this province has not out-performed other Indian States in terms of health-care, education and empowerment of women, Gujarat has a historical tradition of promoting industry and commerce. To repeat this pattern of industrialisation in large parts of northern and eastern India, which are economically lagging behind the rest of the country, will not be an easy task.

Prime Minister Modi has been particular about articulating the cause of women as a policy priority. Whether it was during his Independence Day speech - where he contextualised the issue of open defecation with reference to the dignity of women and talked about the importance of mothers teaching their sons how to respect women - or his advocacy for education of the girl child in his Teacher's Day interaction with children, he has highlighted gender issues. India's largely patriarchal and male-chauvinist society is, however, unlikely to rapidly transform itself. It is also true that instances of atrocities against women are attracting greater attention in the country's media.

A workaholic, Modi was a decisive administrator in Gujarat and expeditiously implemented programmes by depending on a set of loyal bureaucrats. He is evidently attempting to follow a similar style in New Delhi. However, given India's heterogeneity and sharp contrasts, it is being argued that such techniques of administration may achieve limited success. Modi's political opponents contend that his Council of Ministers is short of talent as a result of which too much power has been concentrated in the hands of too few people. The example of Arun Jaitley may be cited. The minister holds both the finance and defence portfolios in the government. Nevertheless, his regime is perceived as being far more efficient and proactive in comparison with the government it replaced.

Foreign policy has been one area of statecraft in which successive governments in India have generally tended to favour elements of continuity rather than change. However, within a short period of time, Modi has shown signs of resetting priorities at bilateral, regional and multilateral levels of diplomatic engagements. His emphasis

on 'neighbourhood first policy' was evident in his invitation to the leaders of the South Asian Association for Regional Cooperation (SAARC) countries and Mauritius to attend his government's swearing-in ceremony. His first visits abroad were to Thimpu in Bhutan and Kathmandu in Nepal, while External Affairs Minister Sushma Swaraj visited Dhaka in Bangladesh. Modi's visit to Japan has been regarded by analysts and government as very successful. Along with deepening strategic ties (seen as important for maintaining regional balance of power vis-a-vis China), Modi managed to get Japanese assurance for investment, technology transfer and economic support worth US$ 35 billion. This amount of bilateral financial assistance is expected to be exceeded substantially during the visit of China's President Xi Jinping to India. He will meet Modi first at his home base in Ahmedabad, Gujarat, on 17 September, 2014 which happens to be the Indian Prime Minister's birthday.

Modi's presence at Brazil, Russia, India, China, and South Africa (BRICS) summit and the decision to announce a BRICS development bank (with India as its first president) came quite early on his government's multilateral agenda. Interestingly, contrary to perceptions that his government would be very friendly towards the West, India gave priority to the issue of food security by blocking a trade facilitation agreement at the World Trade Organisation.

Also, India has been eager to become a full member of the Shanghai Cooperation Organisation (SCO), a grouping supposedly dominated by China and Russia, for some years now. In 2005, India was granted observer status by the SCO. The SCO has, of late, shown a certain eagerness to expand its membership. External Affairs Minister Sushma Swaraj recently articulated India's claim to full membership in light of the need to ensure regional co-operation in tackling terrorism. Also, from India's point of view, full SCO membership will help the country participate in major international gas and oil exploration projects in Central Asia. The SCO has amongst its members three of the largest energy producers in the world, Russia, Kazakhstan and Turkmenistan. The Chinese President has expressed his support for India's request.

Modi travelled to the United States for the United Nations General Assembly (UNGA) meeting in the last week of September. This

visit was especially significant for reasons that go beyond diplomacy. Narendra Modi had been denied a visa in 2005 by US State Department because of his alleged inability to control the Hindu-Muslim riots in Gujarat in 2002 when he was Chief Minister of the state. Large sections of Muslims in India have been apprehensive of Modi after the communal riots where over a thousand of them were killed by Hindu mobs. Now as Prime Minister of India, Modi is yet to convince the country's biggest minority community, the Muslims - one out of seven people in the country believe in Islam - that the party he leads will not pursue an overly majoritarian political and social ideology. It should be noted that the BJP does not boast of even a single Muslim MP.

Now that the BJP has been able to extend its footprint across India like never before - with the exception of States like Punjab, West Bengal, Odisha, Tamil Nadu and Kerala and parts of the North-East where the party is seeking to expand its presence - the question is whether Modi and his followers will seek to push through their "Hindutva" (loosely translated as "Hinduness") ideology in a diverse, multi-cultural country. If attempts are made to push through a majoritarian agenda which implicitly assumes that the minority view-point can be ignored, if not trampled upon, the BJP and the RSS will further alienate the Muslims and other minorities even if the new "Hindutva" of the ruling dispensation has been sought to be packaged with "development" as an important component and not as a crudely communal agenda.

The Prime Minister's political opponents continue to argue that he looks the other way when extreme voices within his party, like that of Yogi Adityanath, MP from Gorakhpur (in the eastern part of the northern province of Uttar Pradesh), or the RSS make provocative statements against minorities. Some have lamented the fact he did not forcefully condemn the murder of a young Muslim man by members of a fringe Hindu militant outfit in Pune in western India. However, in his Independence Day speech Modi had made a fervent plea for putting a moratorium on all divisive issues which cause disharmony and let people single-mindedly dedicate themselves to development as a national movement.

Galvanising the people, especially the youth, through his family-patriarch style of eloquent oratory has been Modi's way of communication. A technology-savvy leader,

the number of his followers on Twitter and Facebook is only next to US President Barack Obama. Modi thoughtfully chose Teacher's Day (5 September) to address, as well as have a dialogue with, millions of students. With homilies about good conduct and hard work, anecdotes and inspirational lessons, he has sought to project his "human face".

But there is the strict, disciplinarian side of Modi as well, which his critics call authoritarian or even dictatorial. This aspect goes way beyond insisting that his ministers and bureaucrats attend office in time and are responsive to public grievances. In the run-up to becoming the most powerful leader in India, he side-lined BJP veterans like Lal Krishna Advani and Murli Manohar Joshi. His party is now headed by his long time trusted aide Amit Shah. Questions have been raised about the haste with which his government promulgated an ordinance in order to appoint former Telecom Regulatory Authority of India (TRAI) chairman Nripendra Misra as the Prime Minister's Principal Secretary. The ordinance, now an act of Parliament, was needed to amend the law which prohibited the TRAI former chairman from taking up any government job after demitting office. Allegations of political partisanship were also raised when governors appointed by the previous United Progressive Alliance (UPA) regime were unscrupulously removed and replaced by ruling party loyalists.

Modi may think "minimum government, maximum governance" is the medicine to most of the maladies afflicting the country. But the cure could prove worse than the malaise if these are applied using a mechanical Right-wing methodology, which is espoused by many of his supporters and sympathisers, including the representatives of India Inc. who funded his campaign rather generously. Some signs of Rightward thrust of economic policy-making are emerging in moves to reform labour laws, revising land acquisition policies, expediting the frameworks for environmental clearances of industrial projects and plans for setting up special economic zones where tax exemptions are provided to export-oriented enterprises.

In the aftermath of the BJP's resounding victory in the Lok Sabha elections, the centre of gravity in the Indian polity seems to have shifted away from what political scientist Rajni Kothari had in the early 1970s called the "Congress system". However, a realign-

ment of anti-BJP political forces has begun. Barely three months after sweeping the federal (or national) elections to the Lok Sabha, the outcome of three rounds of by-elections to fill vacancies for the posts of members of State (or provincial) legislative assemblies (or Vidhan Sabhas) as well as members of Parliament indicates an unexpected dip in the popularity of the ruling dispensation. In States like Uttar Pradesh, Rajasthan and Gujarat in which the BJP had swept the Lok Sabha polls, the party lost as many as 13 out of the 23 seats for MLAs held by it. These reverses come close on the heels of party's lacklustre performance in the assembly by-polls held in Bihar, Uttarakhand, Karnataka and Madhya Pradesh. Out of the three Lok Sabha seats for which by-polls were conducted, the party could retain only one, the Vadodra seat in Gujarat. The BJP made gains in only one State, West Bengal, and that too marginally. A section of analysts have interpreted the outcome of the by-elections as a vote against the communal polarisation and allegedly divisive nature of BJP's campaign led by extremist elements within the party. Other commentators have argued that such polarisation might be on account of consolidation of the Muslim vote as well as non-BJP political parties coming together, as in Bihar, together with one-on-one (not multi-cornered) contests, as in Uttar Pradesh where the Bahujan Samaj Party (supported by Dalits or those belonging to the low castes), abstained from contesting the by-elections. It seems that the outcome of the by-elections is a consequence of a combination of all these local and national factors and both the sets of views expressed above are valid.

Modi's unprecedented victory has raised expectations to an extremely high level. But will these expectations prove impossible to fulfill? If that is indeed what will happen, what then can the incumbent Prime Minister of India do to ensure that his popularity does not wane, if not dissipate as quickly as Rajiv Gandhi's popularity did in less than five years after he became the country's youngest-ever prime minister in 1984? There is another parallel between 1984 and 2014. The virtual absence of a political Opposition in Parliament is not necessarily the best guarantor of continuing success. It certainly wasn't for Rahul Gandhi's father, Rajiv Gandhi. When expectations are raised unrealistically, the disappointment may lead to Modi's popularity plummeting. But it is much too early to anticipate such an eventuality.

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## THE FRIEDRICH-EBERT-STIFTUNG IN INDIA

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